

~~ADMINISTRATIVE - INTERNAL USE ONLY~~AUG 27  
1973

## MEMORANDUM FOR THE RECORD

SUBJECT: Commitment to Fixed Term Rentals of IBM Equipment

1. This fiscal year IBM has increased the monetary incentive to place some of their rental equipment on a twenty four (24) months rental plan. The previous Fixed Term plans offered an 8% decrease in rental for 12-23 months and a 16% decrease in rental for a 24 month commitment. Both of these plans carried an unlimited use clause (no charge for use over 176 hours per month).

2. For the Fiscal Year 1974 GSA contract, IBM has offered to credit all rental for the month of July 1974 for those machines placed on the 24 month plan. This must be done before 1 September 1973. Four of the machines presently installed (3333-1-Disk Storage and Control Units) are only available on the 24 month plan.

3. IBM has also made recent announcements of new equipment that impact the decisions to be made regarding such long term rental.

- a. The first announcement concerns new magnetic tape drive units which quadruple the recording density on tape with the same tape speed therefore quadruple the data transfer between the tape unit and the Central Processing Unit.
- b. The company has also announced a Disk Storage Unit that doubles the density of a Disk Pack and therefore its disk drive from 100 million bytes to 200 million bytes.

4. Because of our large STAR data base both of these features are very attractive to the DO Computer Center. The importance here is that the equipment on hand can be modified to take advantage of these new capabilities and are still eligible to be placed on the 24 month plan with advantages of the savings in rental.

5. At present, all the machines in question, for which

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therefore no overtime is now being paid. The savings in overtime are not a factor in this decision.

6. We propose to take advantage of the savings offered on most of the equipment that is available for the 24 months rental plan as summarized in Attachment A. This will result in a savings of \$79,874 for Fiscal Year 1974 and depending upon those machines upgraded an approximate savings of \$55,000 in Fiscal Year 1975. Attachment B lists equipment now installed that will or will not be placed under the above plan.

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Acting Deputy for Information Systems, ISG

Attachments (2)

cc: D/OJCS/DD/M&S  
C/IS/O  
ISG/BF

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	<u>FT 12 Months x2</u>	<u>FT 24 Months</u>	<u>July 73 Credit for 24 Months Plan</u>	<u>FY74 Total Savings</u>	<u>FY75 Savings</u>
Printers & Controllers	\$155,424.	\$141,936.	\$5,914.	\$12,658.	\$6,744.
Tape Controllers	80,988.	73,932.	2,730.	5,850.	3,936.
Tapes	214,176.	198,000.	7,952.	17,120.	9,564.
Disk Storage	658,704.	608,640.	16,214.	37,718.	28,560.
Disk Storage & Control	87,696	74,640.	<u>(1)</u>	<u>6,528.</u>	<u>6,528.</u>
			\$32,810.	\$79,874.	\$55,332. <u>79,874.</u>
			Total Savings FY74 & FY75	\$135,206.	

(1) Not eligible for July 73 credit as installed after 1 July 1973.

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Classified by 054979  
date 6 DEC 1973

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Equipment To Be Placed On  
24 Month Fixed Term Plan Rental

4-1403 N1  
2-2821-1  
2-2821-2  
14-3420-7  
12-3330  
4-3333

Equipment Not To Be Placed On  
24 Month Fixed Term Rental Plan

2-3420-7	Now being discontinued.
4-3330-1	Will be replaced as model 1's are converted to model 11's.

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